

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: NOVEMBER 13, 2019

REGARDING: RESERVATION OF 2020 LOW INCOME HOUSING TAX CREDITS FOR NORTH WEST UNIVERSITY DALE, DISTRICT 7, WARD 1; AND THE PARKWAY APARTMENTS, DISTRICT 4, WARD 7

Requested Board Action

Approval of the attached resolution to reserve \$790,005 of 2020 Low Income Housing Tax Credits for North West University Dale, District 7; reallocate \$100,000 of 2019 Low Income Housing Tax Credits to North West University Dale; and reserve up to \$111,236 of the 2020 Low Income Housing Tax Credits to The Parkway Apartments, District 4.

Background

The Federal Tax Reform Act of 1986 created the Low Income Housing Tax Credit Program (the “Credit Program”), which provides a reduction in federal tax liability to owners and investors of qualified low-income housing developments that comply with federally-imposed rent and tenant income restrictions for a period of 30 years (“Credits”).

On April 24, 2019, by Resolution 19-709, the Housing and Redevelopment Authority of Saint Paul’s Board of Commissioners (“HRA Board”) endorsed changes to the Minneapolis/Saint Paul Housing Finance Board’s (“Finance Board”) *2020 Low Income Housing Tax Credit Procedural Manual* (“*2020 Procedural Manual*”) and the *2020 Qualified Allocation Plan* (“*2020 QAP*”) to reflect the HRA Board’s housing selection priorities for the 2020 Credit Program. On May 8, 2019, the Finance Board approved the *2020 Procedural Manual* and the *2020 QAP*. The Finance Board also authorized the HRA Board to administer the 2020 Credit Program and reserve up to \$901,241 of 2020 Credits to qualified Saint Paul developments.

To receive 2020 Credits, eligible projects must be financially feasible and viable as qualified low-income projects for the credit period. (See: attached *2020 QAP*, Article VIII (D), Procedure for Selecting Projects; Project Threshold Requirements.) Once the proposals are qualified, the proposals are scored based upon the selection and preference priorities established as the *2020 QAP* scoring criteria.

The HRA received three (3) applications by the July 11, 2019 deadline as follows:

Project Name: **NORTH WEST UNIVERSITY DALE**
Address: 625 University Avenue
Developer: Wellington Management
Owner: University & Dale LP
Project Type/Total units: New construction - 40 affordable housing units
4 Homeless Units, 8 project based vouchers – pending
4 efficiencies renting to households at 50% AMI
1 efficiency renting to households at 60% AMI
3 one-bedrooms renting to households at 50% AMI;
1 one-bedrooms renting to households at 60% AMI;
2 two-bedrooms renting to households at 30% AMI;
6 two-bedrooms renting to households at 50% AMI;
3 two-bedrooms renting to households at 60% AMI;
2 three bedrooms renting to households at 30% AMI;
13 three bedrooms renting to households at 50% AMI;
5 three bedrooms renting to households at 60% AMI
Zoning District: T3 Traditional Neighborhood District
Relocation: Project will comply with Uniform Relocation Act
Eminent Domain: None
Project Cost: \$15,202,800
City Financing (pass-thru) Met Council LCDA-TOD \$1,450,000, Met Council LCDA \$949,250, Met Council TBRA \$28,924, Met Council TBRA \$233,700, DEED Grant \$415,500 - funded in 2017 and 2018.
HRA Financing to be requested: \$0
2019 Housing Tax Credit approved **\$298,793**
2019 Housing Tax Credit Reallocated **\$100,000**

2020 Housing Tax Credits requested \$890,005
2020 Housing Tax Credits recommended **\$790,005**

Project Name: **THE PARKWAY**
Address: East 7th Street and Bush Avenue
Developer: JBVang Partners
Owner: The Parkway Limited Partnership
Project Type: New construction - 45 affordable housing units
Total Units: 45 units, including 6 supportive housing units
6 one-bedrooms renting to households at 50% AMI;
11 two-bedrooms renting to households at 50% AMI;
3 two-bedrooms renting to households at 30% AMI;
3 three-bedrooms renting to households at 30% AMI;
22 three-bedrooms renting to households at 50% AMI
Zoning District: RM1 and RM2 Residential District (multi-family)
Relocation: Not applicable

Eminent Domain: None
Project Cost: \$12,677,888
City Financing (pass-thru): Met Council TBRA Investigation (Predevelopment) \$30,700
HRA Financing to be requested: \$0
2019 Housing Tax Credit awarded: \$100,000
2020 Housing Tax Credit requested: \$885,000
2020 Housing Tax Credit recommended: \$111,236

Project Name: **STRYKER SENIOR HOUSING**
Address: 617 Stryker Avenue
Developer: Neighborhood Development Alliance, Inc, (NeDA)
Owner: Stryker Senior Housing LLLP
Project Type: New construction - 57 affordable senior housing units
Total Units: 57 units, including
 43 one-bedroom units renting to households at 30% AMI;
 6 one bedrooms renting to households at 60% AMI;
 8 two-bedrooms renting to households at 60% AMI.
Zoning District: Current zoning is B2; Rezoning Study to T2 Traditional Neighborhood
Relocation: Not applicable
Eminent Domain: None
Project Cost: \$11,973,108
City Financing: St. Paul HRA Land Loan \$228,732
 St. Paul HRA HOME Loan Funds - \$750,000
HRA Financing to be requested: Met Council TBRA \$24,100,
 Met Council TBRA \$330,000 (applied for)

According to Article VIII (L) of the 2020 QAP, projects will be prioritized with the project receiving the most points being rated first, the project receiving the second most points being rated second and so on. If two or more projects have overall point totals which are within 2 points of one another, the projects shall be deemed to be substantially equivalent, and the HRA Board will select the project which best meets the applicable city's housing priorities.

Pursuant to the 2020 QAP selection and preference priorities, the applications scored as follows:

North West University Dale	56 points
The Parkway Apartments	43 points
Stryker Senior Housing	36 points

(See the attached **2020 Credit Scoring Worksheets** for the scoring of each proposal.)

Upon review, HRA staff recommends that the HRA Board approves the following:

Reservation of \$790,005 of 2020 Credits for the North West University Dale;

Reallocation of \$100,000 of 2019 Credits to North West University Dale

Reservation of \$111,236 of 2020 Credits for The Parkway Apartments.

Financing Structure

Financing Structure - North West University Dale		
Funding Source	Amount	Action
Housing Sources		
First Mortgage	\$3,100,000	Committed
9% Syndication Proceeds (2019 committed)	\$2,838,250	Committed
9% Syndication Proceeds (2019 recommended)	\$950,000	Recommended
9% Syndication Proceeds (2020 recommended)	\$7,505,048	Recommended
Deferred Developer Fee	\$809,502	Committed
Total Housing (TDC)	\$15,202,800	

Financing Structure - The Parkway Apartments		
Funding Source	Amount	Action
First Mortgage	\$3,534,000	Committed
9% Syndication Proceeds (2020 request – not recommended)	\$8,142,000	Uncommitted
9% Syndication Proceeds (2020 request – recommended)	\$1,023,371	Recommended
Energy Rebates	\$15,000	Committed
Deferred Developer Fee	\$127,762	Committed
GAP	\$7,977,755	
TOTAL DEVELOPMENT COST	\$12,677,888	

Budget Action

NA. Approval of the resolution to reserve Credits does not require budget action.

Future Action

North West University Dale: If approved, the HRA Executive Director may execute a Memorandum of Understanding and a Development Agreement with final terms and conditions required for HRA financing and/or 2020 LIHTC. The HRA may also execute a Memorandum of Understanding and a Development Agreement with final terms and conditions required for HRA financing and/or 2019 LIHTC.

The Parkway Apartments: If approved, the HRA Executive Director may execute a Memorandum of Understanding and a Development Agreement with final terms and conditions required for HRA financing and/or 2020 LIHTC.

PED Credit Committee Review

NA. No loan risk rating is involved.

Compliance

N/A. Approval of Credit Reservations does not activate the compliance requirements. However, the developers/project owners of North West University Dale and The Parkway Apartments must respectively comply with the Saint Paul Compliance requirements, including Vendor Outreach, Section 3, Affirmative Action, Labor Standards (City, State and Federal Davis-Bacon), Living Wage, Project Labor Agreement, PED/HRA Sustainability Initiative, and Two-Bid Policy whenever applicable as conditions of receiving HRA financing.

Green/Sustainable Development

North West University Dale and The Parkway Apartments must comply with the *Saint Paul Sustainable Development Policy*.

Environmental Impact Statement

NA

Historic Preservation

NA

Public Purpose

North West University Dale Apartments :

Constructing 40 new affordable housing units as follows:

- 4 housing units affordable to households at 30% AMI
- 26 housing units affordable to households at 50% AMI
- 10 housing units affordable to households at 60% AMI

The Parkway Apartments :

Constructing 45 new affordable housing units as follows:

- 6 one-bedrooms renting to households at 50% AMI
- 11 two-bedrooms renting to households at 50% AMI
- 3 two-bedrooms renting to households at 30% AMI
- 3 three-bedrooms renting to households at 30% AMI;
- 22 three-bedrooms renting to households at 50% AMI

Recommendation:

The Executive Director recommends, per the attached resolution, that the HRA Board approve the following:

Reservation of \$790,005 of 2020 Credits for the North West University Dale;

Reallocation of \$100,000 of 2019 Credits to North West University Dale; which were previously reserved for The Parkway project

Reservation of \$111,236 of 2020 Credits for The Parkway Apartments.

Sponsored by: Chair Chris Tolbert

Staff: Joe Collins, 266-6020

Jules Atangana, 266-6552

Attachments

- **2020 QAP**
- **2020 Credit Scoring Worksheets**
- **Maps**
- **Public Purpose**
- **District Profiles**